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5. INCREASING VIOLENCE ON YEMEN-ADEN BORDER LIKELY

An increase can be expected in the armed violence which has been occurring since 24 December on the disputed Yemen-Aden Protectorate border. Public charges by the Yemen government that British air units have indiscriminately bombed Yemeni vil-

The British on 29 December protested Yemen's dissemination of "misleading" information and stated that British-led ground forces had routed Yemeni raiders who crossed the border. The recent increase in tension in the area has been largely due to Egyptian and Soviet encouragement accompanied by the arrival of Soviet-bloc arms in Yemen as well as a continuing trickle of Saudi arms. The dispute between Britain and Yemen concerns the location of the border between the two territories, and arises partly from Yemen's belief that oil deposits may be discovered in the disputed area.

been confirmed.

lages during the fighting have not, however,

Britain's military strength at Aden appears adequate to withstand any Yemeni incursion. In addition to 1,900 ground forces, there are 15 jet fighters.

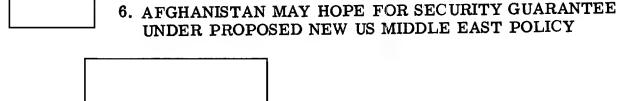
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The unusual interest displayed by Afghan
Foreign Ministry officials in whether or
not Afghanistan is one of the countries to
be covered by the proposed new American
policy in the Middle East suggests that Kabul may hope to be

given a security guarantee without having to acknowledge it formally.

Afghanistan requested American military assistance in 1954 and at that time even showed some willingness to consider association with a "northern tier" defense arrangement. Since large-scale Soviet aid started shortly thereafter, its official policy has been one of strict "neutrality."

Kabul's present interest may be inspired partially by the increasing pace of Soviet activity in Afghanistan and by recent Soviet actions in Hungary.

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for early preventive action.

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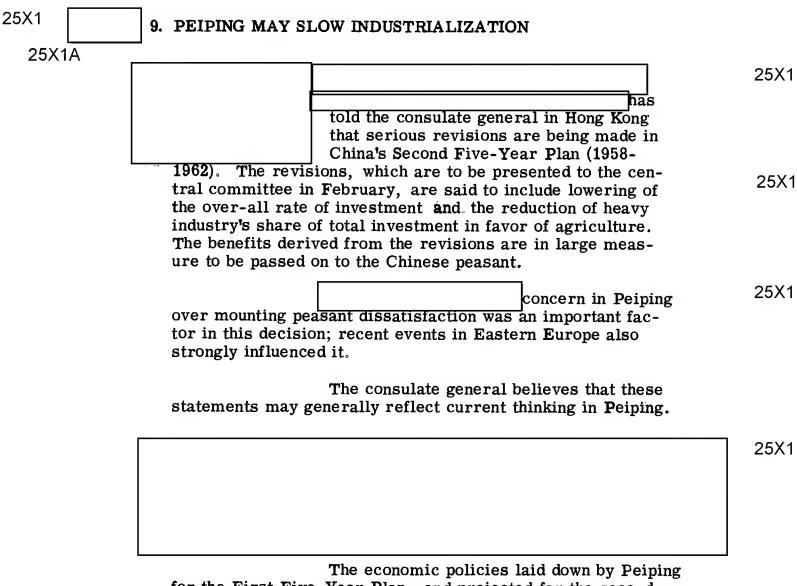
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may decide that the formation of an armed Communist force calls

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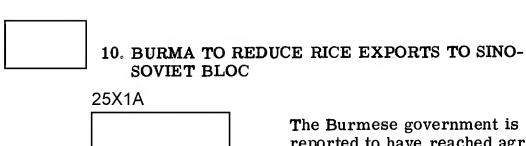
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for the First Five-Year Plan--and projected for the second-enabled the nation to make impressive advances toward industrialization, and the general tone of official pronouncements from Peiping has been one of satisfaction with the way things were going. There have been, however, recent signs of concern over the rapid growth of heavy industry at the expense of light industry and better living standards, particularly for the farm population.

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The Burmese government is reliably reported to have reached agreement with the USSR and other Communist countries with which Burma conducts barter trade for a substantial reduction

of rice exports to these countries during the current calendar year. According to reports reaching the American embassy in Rangoon, rice exports to the Sino-Soviet bloc in 1957 may total as little as 250,000 tons. The bulk of the reductions would apply to the USSR and the European Satellites, as Burma is said to be well satisfied with its trade relations with Communist China.

Under its reported new policy with respect to barter trade, Burma will ship only enough rice to countries with which it has barter agreements to pay for goods they can sell Burma in competition with other countries.

Comment

Such a rice export schedule would constitute a substantial disengagement on the part of Burma from its uneconomic and unpopular barter trade with the bloc. Exports to the bloc during the Burmese fiscal year ending 30 September approximated 500,000 tons.

Rangoon's change in policy has been engendered by greatly improved prospects for cash sales of rice.

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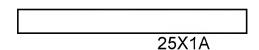
ANNEX

Watch Report 335, 4 January 1956
of the
Intelligence Advisory Committee

Conclusions on Indications of Hostilities

On the basis of findings by its Watch Committee the Intelligence Advisory Committee concludes that:

- A. No Sino-Soviet Bloc country intends to initiate hostilities against the continental US or its possessions in the immediate future.
- B. No Sino-Soviet Bloc country intends to initiate hostilities against US forces abroad, US allies or areas peripheral to the Orbit in the immediate future.
- C. A deliberate initiation of hostilities in the Middle East is improbable in the immediate future.



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